



**State of Connecticut
Office of Health Care Access
Letter of Intent/Waiver Form
Form 2030**

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OFFICE OF HEALTH CARE ACCESS

All Applicants must complete a Letter of Intent (LOI) form prior to submitting a Certificate of Need application, pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes and Section 19a-643-79 of OHCA's Regulations. Please submit this form to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS# 13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. APPLICANT INFORMATION

If there are more than two Applicants, please attach a separate sheet of paper and provide additional information in the format below.

	Applicant One	Applicant Two
Full legal name	Silver Hill Hospital, Inc.	
Doing Business As	Silver Hill Hospital	
Name of Parent Corporation	Silver Hill Hospital, Inc.	
Mailing Address, if Post Office Box, include a street mailing address for Certified Mail	208 Valley Road New Canaan, CT 06840	
Applicant type (e.g., profit/non-profit)	Non-profit	
Contact person, including title or position	Elizabeth Moore Chief Operating Officer	
Contact person's street mailing address	208 Valley Road New Canaan, CT 06840	
Contact person's phone #, fax # and e-mail address	P 203 801-2297; F 203 966-9336 emoore@silverhillhospital.org	

SECTION II. GENERAL APPLICATION INFORMATION

a. Proposal/Project Title:

Renovation of Klingenstein House and Main House

b. Type of Proposal, please check all that apply:

☐ Change in Facility (F), Service (S) or Function (Fnc) pursuant to Section 19a-638, C.G.S.:

☐ New (F, S, Fnc)

☐ Replacement

☐ Additional (F, S, Fnc)

☐ Expansion (F, S, Fnc)

☐ Relocation

☐ Service Termination

☐ Bed Addition

☐ Bed Reduction

☐ Change in Ownership/Control

☒ Capital Expenditure/Cost, pursuant to Section 19a-639, C.G.S.:

☒ Project expenditure/cost cost greater than \$ 1,000,000

☐ Equipment Acquisition greater than \$ 400,000

☐ New

☐ Replacement

☐ Major Medical

☐ Imaging

☐ Linear Accelerator

☐ Change in ownership or control, pursuant to Section 19a-639 C.G.S., resulting in a capital expenditure over \$1,000,000

c. Location of proposal (Town including street address):

208 Valley Road, New Canaan, CT 06840

d. List all the municipalities this project is intended to serve:

All counties in CT

e. Estimated starting date for the project: May 1, 2006

- f. Type of project: 9 (Fill in the appropriate number(s) from page 7 of this form)

Number of Beds (to be completed if changes are proposed)

Type	Existing Staffed	Existing Licensed	Proposed Increase (Decrease)	Proposed Total Licensed
NA				

SECTION III. ESTIMATED CAPITAL EXPENDITURE INFORMATION

- a. Estimated Total Capital Expenditure:
- b. Please provide the following breakdown as appropriate:

Construction/Renovations	\$5,000,000.00
Medical Equipment (Purchase)	\$0.00
Imaging Equipment (Purchase)	\$0.00
Non-Medical Equipment (Purchase)	\$500,000.00
Sales Tax	\$0.00
Delivery & Installation	\$20,000.00
Total Capital Expenditure	\$5,520,000.00
Fair Market Value of Leased Equipment	\$0.00
Total Capital Cost	\$5,520,000.00

Major Medical and/or Imaging equipment acquisition:

Equipment Type	Name	Model	Number of Units	Cost per unit
NA				

Note: Provide a copy of the contract with the vendor for major medical/imaging equipment.

c. Type of financing or funding source (more than one can be checked):

- ☒ Applicant's Equity
 ☐ Lease Financing
 ☐ Conventional Loan
☐ Charitable Contributions
 ☐ CHEFA Financing
 ☐ Grant Funding
☐ Funded Depreciation
 ☐ Other (specify):

SECTION IV. PROJECT DESCRIPTION

Please attach a separate 8.5" X 11" sheet(s) of paper and provide no more than a 2 page description of the proposed project, highlighting all the important aspects of the proposed project. Please be sure to address the following (if applicable):

- Currently what types of services are being provided? If applicable, provide a copy of each Department of Public Health license held by the Petitioner.
- What types of services are being proposed and what DPH licensure categories will be sought, if applicable?
- Who is the current population served and who is the target population to be served?
- Identify any unmet need and how this project will fulfill that need.
- Are there any similar existing service providers in the proposed geographic area?
- What is the effect of this project on the health care delivery system in the State of Connecticut?
- Who will be responsible for providing the service?
- Who are the payers of this service?

If requesting a Waiver of a Certificate of Need, please complete Section V.

SECTION V. WAIVER OF CON FOR REPLACEMENT EQUIPMENT

I may be eligible for a waiver from the Certificate of Need process because of the following:
(Please check all that apply)

This request is for Replacement Equipment.

The original equipment was authorized by the Commission/OHCA in Docket
Number: _____.

The cost of the equipment is not to exceed \$2,000,000.

The cost of the replacement equipment does not exceed the original cost
increased by 10% per year.

Please complete the attached affidavit for Section V only.

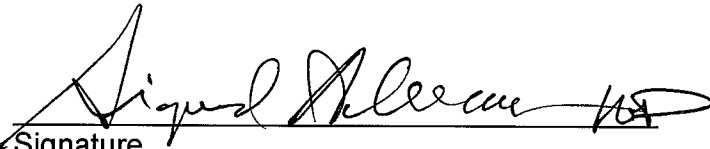
AFFIDAVIT

Applicant: Silver Hill Hospital, Inc.

Project Title: Renovation of Klingenstein House and Main House

I, Sigurd Ackerman, M.D., CEO
(Name) (Position – CEO or CFO)

of Silver Hill Hospital being duly sworn, depose and state that the information provided in this CON Letter of Intent/Waiver Form (2030) is true and accurate to the best of my knowledge, and that Silver Hill Hospital complies with the appropriate and (Facility Name) applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

 1/18/06
Signature Date

Subscribed and sworn to before me on 18th January 2006


Notary Public/Commissioner of Superior Court

My commission expires: 1/21/10

Project Type Listing

Please indicate the number or numbers of types of projects that apply to your request on the line provided on the Letter of Intent Form (Section II, page 2).

Inpatient

1. Cardiac Services
2. Hospice
3. Maternity
4. Med/ Surg.
5. Pediatrics
6. Rehabilitation Services
7. Transplantation Programs
8. Trauma Centers
9. Behavioral Health (Psychiatric and Substance Abuse Services)
10. Other Inpatient

Outpatient

11. Ambulatory Surgery Center
12. Birthing Centers
13. Oncology Services
14. Outpatient Rehabilitation Services
15. Paramedics Services
16. Primary Care Clinics
17. Urgent Care Units
18. Behavioral Health (Psychiatric and Substance Abuse Services)
19. MRI
20. CT Scanner
21. PET Scanner
22. Other Imaging Services
23. Lithotripsy
24. Mobile Services
25. Other Outpatient
26. Central Services Facility

Non-Clinical

27. Facility Development
28. Non-Medical Equipment
29. Land and Building Acquisitions
30. Organizational Structure (Mergers, Acquisitions, Affiliations, and Changes in Ownership)
31. Renovations
32. Other Non-Clinical

SILVER HILL HOSPITAL

PROJECT DESCRIPTION

Silver Hill Hospital is licensed to operate 129 beds as a Hospital for the Mentally Ill. The hospital currently operates 113 beds and provides acute psychiatric care for adults and adolescents, acute substance abuse treatment for adults and transitional living programs for the treatment of adults with psychiatric, substance abuse and dual disorders. The beds are located in six separate houses all on one campus at 208 Valley Road in New Canaan. The current bed configuration is:

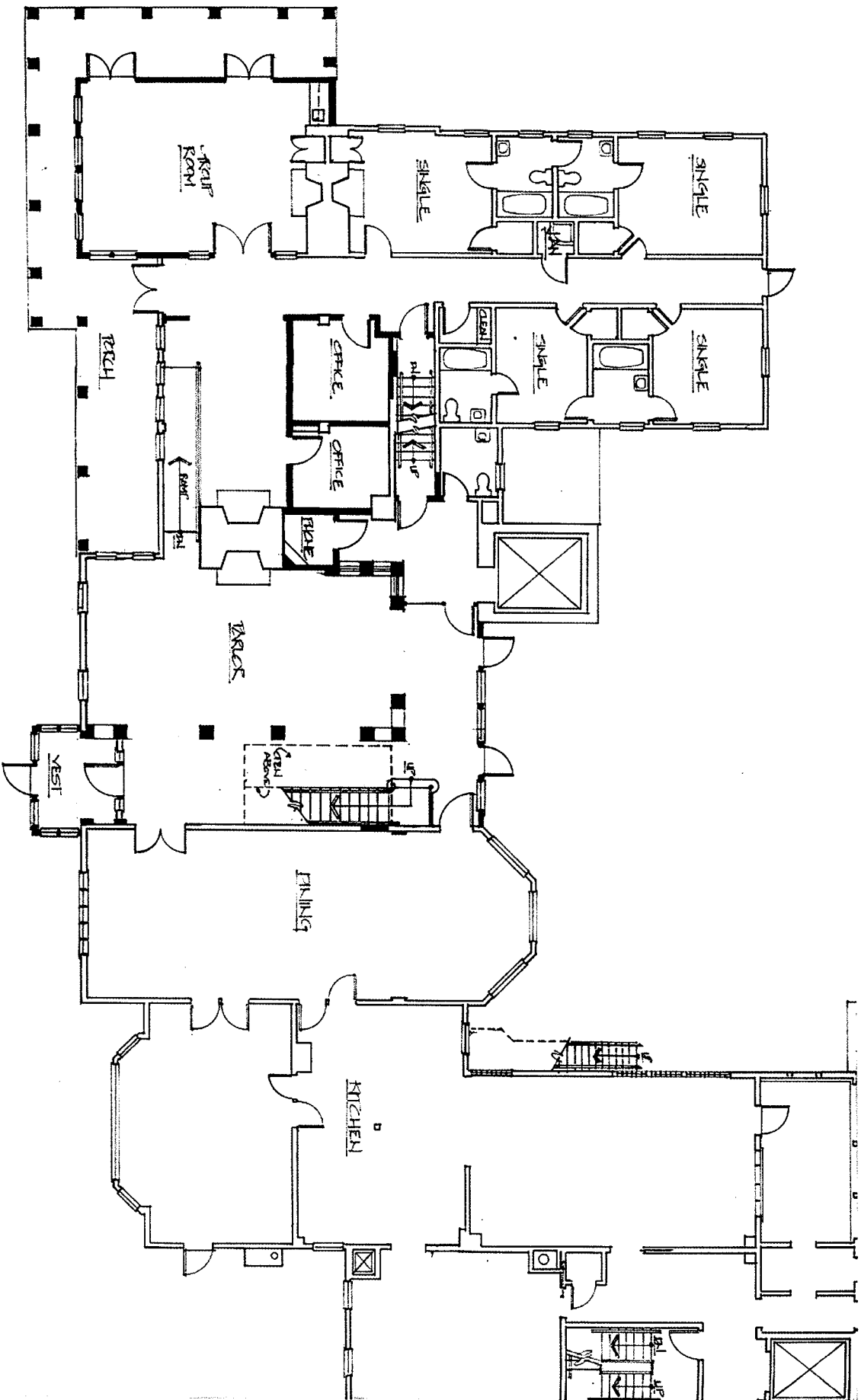
Acute Care Unit	18 closed acute psychiatric beds for adults
Main House	20 open acute psychiatric beds for adults (1 st and 2 nd floors) 10 closed acute psychiatric beds for adolescents (3 rd floor)
Klingenstein House	20 open acute detoxification beds for adults
Barrett House	14 transitional beds for adult women
Scavetta House	19 transitional beds for adult men
River House	12 transitional beds adult women and men

Annually, Silver Hill Hospital admits over 2100 adults and 360 adolescents to the acute services. The length of stay is approximately 8 days for adults and 10 days for adolescents. Payer mix on the acute service is 80% third party insurance (most managed by behavioral health carve-out companies), 10% covered by Medicare with the remaining 10% of inpatient days patient self-pay. The acute inpatient treatment programs include medication management, individual and group therapy with an emphasis on family involvement. Board certified psychiatrists, licensed treatment care coordinators, recreational therapists and nursing staff, provide treatment.

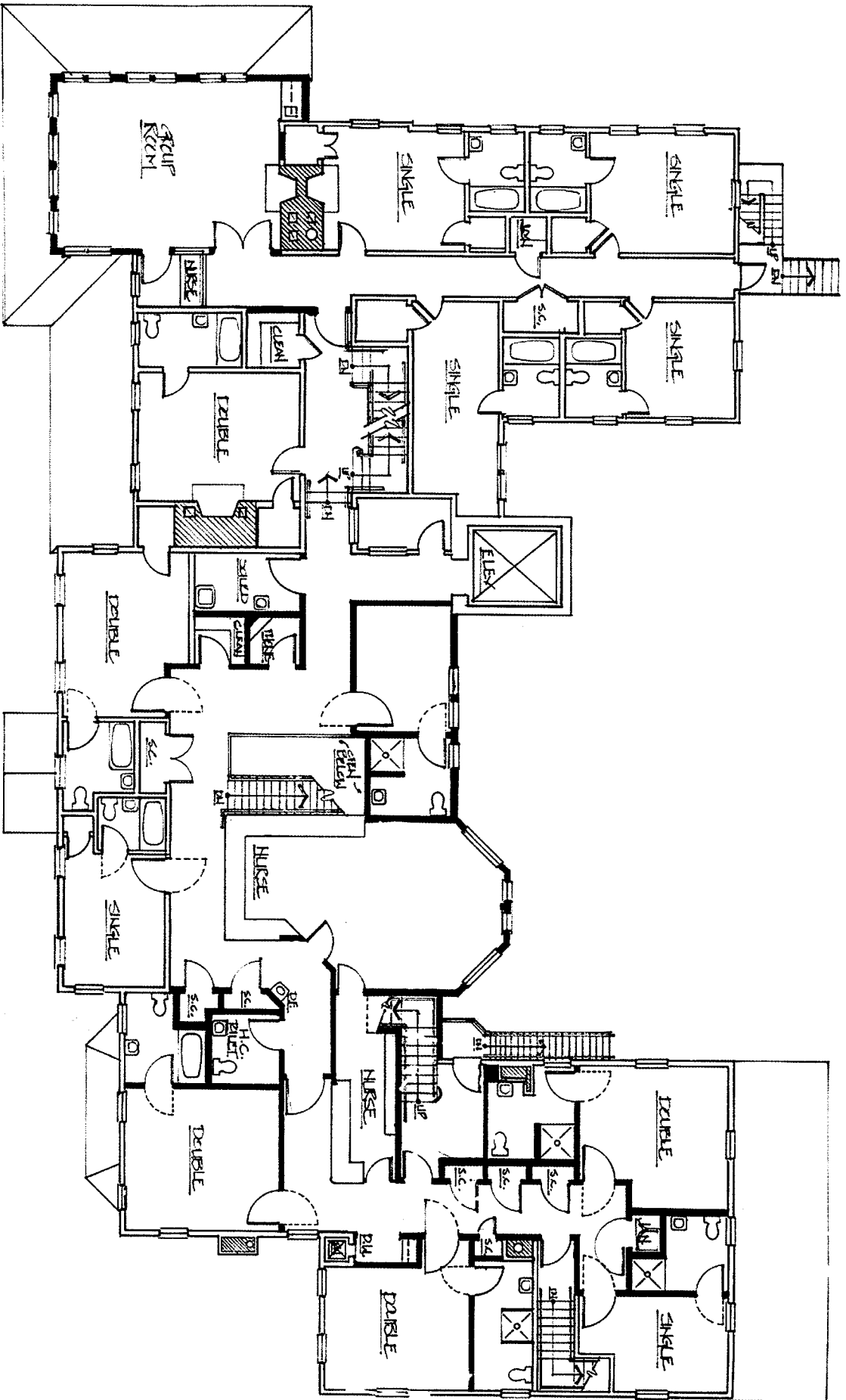
The Transitional Living Programs admit over 500 adults per year, with approximately 20% of the patients referred from the adult inpatient units at the hospital. The Barrett and Scavetta House programs are designed for treatment of addictive disorders and psychiatric disorders in combination with addictive disorders (dual disorders). The River House program serves patients with serious psychiatric disorders. A patient's treatment program is driven by clinical indications but generally the length of stay for the addiction treatment or dual disorder program is 28 days. Length of stay for patients in the River House program may range from a few weeks to several months. The Transitional Living programs include highly structured programming including intensive group treatment for a minimum of three hours per day. Patients self-pay for the Transitional Living program.

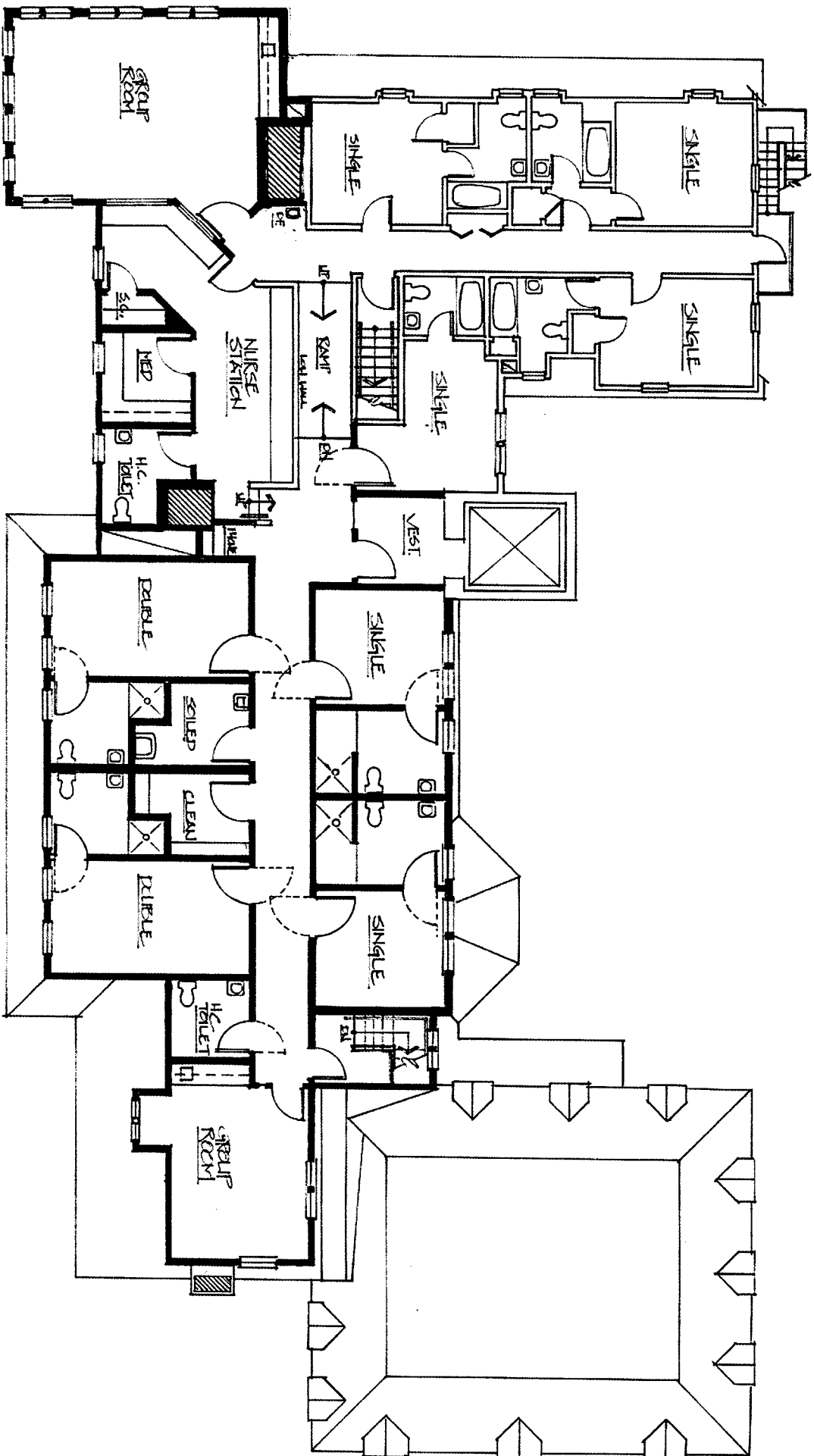
Currently, 30% of the patients admitted to Silver Hill Hospital are domiciled in Fairfield County, Connecticut. An additional 38% of the patients admitted live in other Connecticut counties. Approximately 22% of the patients admitted come from nearby Westchester County and other counties in New York State. The remaining 10% of admissions are from other states.

MAIN HOUSE - FIRST FLOOR



MAIN HOUSE - SECOND FLOOR



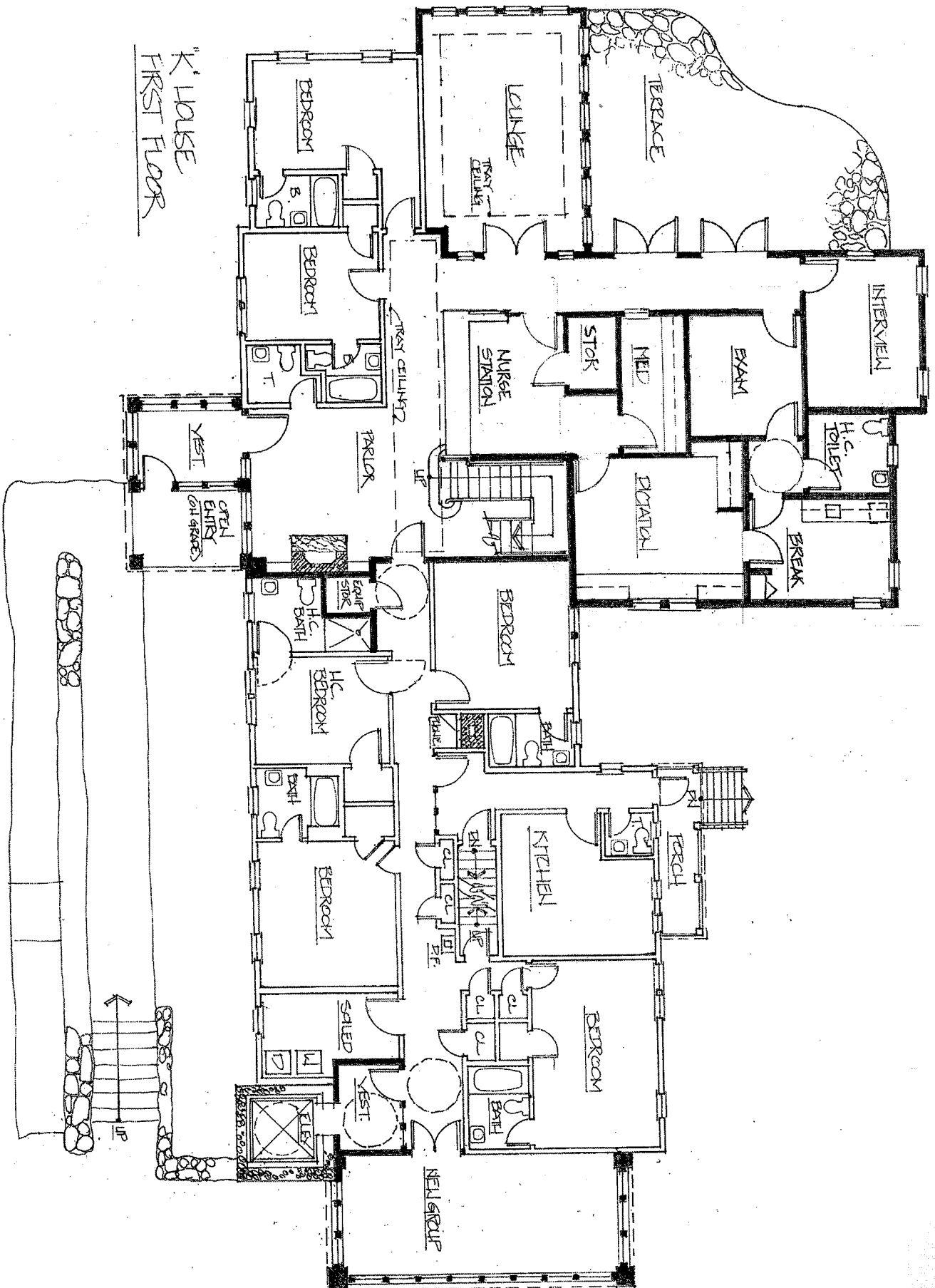


MAIN HOUSE - THIRD FLOOR

A hand-drawn floor plan of a building, oriented vertically. The plan includes several rooms and outdoor areas:

- Top Section:** A large rectangular area labeled "NEW CRAIL SPACE" at the top. Below it is a smaller rectangular area labeled "CRAIL SPACE".
- Middle Section:** A large rectangular area labeled "STORAGE" in the center. To its right is another rectangular area labeled "CRAIL SPACE". Below the central "STORAGE" area is a smaller rectangular area labeled "STORAGE".
- Bottom Section:** A large rectangular area labeled "GAME ROOM" at the bottom. To its right is a smaller rectangular area labeled "OFFICE". Below the "OFFICE" is a smaller rectangular area labeled "LOCKERS".
- Left Side:** A large rectangular area labeled "STORAGE" on the left side. Below it is a smaller rectangular area labeled "STORAGE".
- Right Side:** A large rectangular area labeled "STORAGE" on the right side. Below it is a smaller rectangular area labeled "STORAGE".
- Outdoor Areas:** There are two circular outdoor areas, one at the top left and one at the bottom right, each with several small squares around it. There is also a rectangular outdoor area at the bottom left with a grid pattern.
- Other Labels:** "KITCHENETTE" is labeled near the center. "ELEV" is labeled near the bottom left. "FLR" is labeled near the top right. "UP" and "DOWN" arrows indicate stairs.

K. LARSE
FIRST FLOOR



[illegible]

**SILVER HILL HOSPITAL
CERTIFICATE OF NEED
FACILITY RENOVATION**

Description	FY '05 Actual Results	FY '06 Actual Annualized	PROJECT YEAR 1				PROJECT YEAR 2				PROJECT YEAR 3			
			FY '07 Projected W/out CON	FY '07 Projected Incremental	FY '07 Projected With CON	FY '08 Projected W/out CON	FY '08 Projected Incremental	FY '08 Projected With CON	FY '09 Projected W/out CON	FY '09 Projected Incremental	FY '09 Projected With CON			
Govt. Gross Revenue	32,942,529	34,468,237	35,502,284		35,502,284	36,567,353	2,757,178	39,324,531	37,664,373	3,504,164	41,168,537			
Non-Govt. Gross Revenue	23,942,529	34,468,237	35,502,284		35,502,284	36,567,353		39,324,531	37,664,373		41,168,537			
Total Gross Patient Revenue														
Less: Uncompensated Care	9,277,161	9,600,268	9,887,386		9,887,386	10,184,008	767,674	10,951,882	10,414,333	1,051,105	11,465,438			
Less Other Deductions	23,665,368	24,867,970	25,614,898		25,614,898	26,383,345		28,372,649	27,250,040		29,703,100			
Total Net Patient Revenue														
Plus Other Operating Revenue	437,860	118,835	150,000		150,000	156,000		156,000	162,240		162,240			
Revenue From Operations	24,103,228	24,986,804	25,764,898		25,764,898	26,539,345		28,528,649	27,412,280		29,866,340			
Salaries and Fringe Benefits	14,346,120	14,926,639	15,523,705		15,523,705	16,144,653		16,144,653	16,790,439		16,790,439			
Professional Services	3,767,534	4,357,727	4,532,036		4,532,036	4,713,318		4,713,318	4,901,850		4,901,850			
Supplies and Drugs	931,523	927,492	964,592		964,592	1,003,175		1,003,175	1,043,302		1,043,302			
Lease Expense	29,303	21,778	22,649		22,649	23,555		23,555	24,497		24,497			
Depreciation/Amortization	729,066	733,376	762,711		762,711	793,220		793,220	824,949		824,949			
Other Operating Expense	5,204,217	5,115,825	5,320,458		5,320,458	5,533,277		5,533,277	5,754,608		5,754,608			
Total Operating Expense	25,007,783	26,082,838	27,126,151		27,126,151	28,211,197		28,211,197	29,339,645		29,339,645			
Gain (Loss) From Operations	(904,555)	(1,096,033)	(1,361,253)		(1,361,253)	(1,671,852)		317,452	(1,927,365)		525,695			
Plus: Non-Operating Revenue	6,205,918	1,800,000	900,000		900,000	1,000,000		1,000,000	1,000,000		1,000,000			
Revenue Over (Under) Expense	5,301,363	703,967	(461,253)		(461,253)	(671,852)	1,989,304	1,317,452	(927,365)	2,453,059	1,525,695			
Number of Full Time Equivalent Employees	191.9	198.4	200.7		200.7	206.0		206.0	206.0		206.0			
Patient Days		31,390	31,390		31,390	31,390		33,758	31,390		34,310			
Gross Revenue Per Day	\$ 1,098.06	\$ 1,131.01	\$ 1,131.01		\$ 1,131.01	\$ 1,164.94		\$ 1,164.90	\$ 1,199.88		\$ 1,199.90			
Net Patient Revenue Per Day	\$ 792.23	\$ 816.02	\$ 816.02		\$ 816.02	\$ 840.50		\$ 840.47	\$ 868.11		\$ 865.73			

NOTES:

- 1) Silver Hill Hospital Fiscal Year is March 1 - February 28.
- 2) Revenue Increase in Year 1 is due to a 3% increase in managed care rates representing > 80% of acute days.
- 3) Revenue Increase in Years 2 and 3 is due to a 3% increase in managed care rates in addition to a 7.54% increase in patient days. (See Assumptions).
- 4) Expenses increase 4% each year.

1)	Renovation completed by 9/01/07 (FY '08) Jan. 1-May 31, 2006 June 1-Feb 28, 2007 Mar. 1-Aug. 31, 2007	Lodge renovations (5 mos.) Main House renovations (9 mos.) K House renovations (6 mos.)							
2)	Seven unoccupied beds off line during Main House and K House renovation (6/1/06 - 9/1/07) therefore no decrease in revenue during renovation								
3)	Reduce maintained beds to 106 on 6/1/06								
		Maintained Beds	Days	Beds/Days	Avg.	Pt. Days	% Inc./Pt.D.	% Occ.	Project
FY1	Mar. 1-May 31, 2006 June 1-Feb 28, 2007	113 106	92 273	10,396 28,938	86 86	7,912 23,478			Lodge renovation Main House renovation (MH pts. to KH in 2 phases)
			365	39,334		31,390		80%	
FY2	Mar. 1-Aug. 31, 2007 Sept. 1-Feb 28, 2008	106 113	184 181	19,504 20,453	91 94	16,744 17,014			Main House reoccupied 3/1/07; K House renovation KH renovation complete 9/1/07, all beds available
			365	39,957		33,758	7.54%	84%	
FY3	Mar. 1-Feb. 28, 2009	113	365	41,245	94	34,310	1.64%	83%	
4)	4% inflation all expense items								
5)	3% increase in revenue each year								
6)	27.85% contractual allowance experience								

- 4) 4% inflation all expense items
- 5) 3% increase in revenue each year
- 6) 27.85% contractual allowance experience